

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

195I0403

## SENATE ENGROSSED NO. **HB 1192** - 03/03/2003

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Representatives Lintz, Begalka, Hargens, Klaudt, Lange, Pederson (Gordon),  
and Van Gerpen and Senators Duenwald, Dennert, Duxbury, Kleven, Symens,  
and Vitter

1 FOR AN ACT ENTITLED, An Act to revise the procedure for assessing certain agricultural and  
2 nonagricultural acreage property.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 Notwithstanding the provisions of chapter 10-6, agricultural land may be assessed based on  
7 its agricultural income value if there are less than fifteen arms-length transactions of agricultural  
8 land during the three preceding assessment years. The agricultural income value of agricultural  
9 land shall be determined on the basis of the capitalized annual cash rent of the agricultural land.  
10 The capitalized annual cash rent shall be based on data collected and analyzed pursuant to section  
11 2 of this Act. For the purposes of this section, arms-length transactions do not include any  
12 agricultural land sales subject to the provisions of § 10-6-33.14, 10-6-33.20, or 10-6-74.

13 Section 2. That chapter 10-6 be amended by adding thereto a NEW SECTION to read as  
14 follows:



1 For the purposes of section 1 of this Act, the agricultural income value shall be determined  
2 using capitalized annual cash rent. The annual cash rent is the annual cash rent, excluding the per  
3 acre tax on agricultural land, determined through an analysis of arms-length rental agreements  
4 collected within the county in the year prior to the year for which the income value is being  
5 determined. However, no arms-length rental agreements for irrigated land may be used to  
6 determine the annual cash rent pursuant to this section. The annual cash rent shall be capitalized  
7 at seven and three-fourths percent.

8 The secretary of revenue may enter into a contract for the collection of cash rent information  
9 by county. Cash rent information shall be adjusted by soil survey statistics if available.

10 Section 3. That § 10-13-37.1 be amended to read as follows:

11 10-13-37.1. For purposes of section 1 of this Act and §§ 10-3-41, 10-12-31.1, and 10-13-37,  
12 the secretary of revenue shall calculate a factor for each county for the agricultural and  
13 nonagricultural valuations. The factor shall be calculated by using the sales of arms-length  
14 transactions and the assessments from the preceding assessment year. The secretary shall take  
15 into consideration any reappraisals completed by the director of equalization. If there are less  
16 than fifteen sales of either class, the secretary shall use the preceding year's sales of that class  
17 with current assessments. In the case of agricultural land, sales may also be bridged in from  
18 adjoining counties if there are less than fifteen sales.

19 Section 4. That § 10-6-33.15 be amended to read as follows:

20 10-6-33.15. For the purposes of § 10-6-33.14, the agricultural income value shall be  
21 determined using capitalized actual annual cash rent. The actual annual cash rent is the actual  
22 annual cash rent, excluding the actual per acre tax on agricultural land, determined through an  
23 analysis of actual arm's length rental agreements collected within the county in the year prior to  
24 the year for which the income value is being determined. The annual cash rent shall be capitalized

1 at ~~eight~~ seven and three-fourths percent.